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Beaverstock, J.V.; Derudder, B.; Faulconbridge, J.R., Witlox, F.

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International Business Travel and the Global Economy: Setting the Context

Jon Beaverstock, Ben Derudder, James Faulconbridge & Frank Witlox

“International travel remains at the heart of international business” (Welch and Worm, 2005, 284).

“Non-expatriates [Business travellers] ... tend to be the forgotten group, yet for many firms they may comprise the largest contingent of employees involved in international business” (Dowling and Welch, 2004, 128)

The role of international business travel and the functionality of the business traveller have been persistently overlooked in a broad sweep of literature which embraces international human resource management, international business, the sociology of work and labour, mobilities, transient migration and travel, for example. Welch and Worm (2005, 284) find such a dearth in the literatures “somewhat curious”, because they argue that the nature of the contemporary globalising firm, characterised by geographical dispersion, global production divisions and complex sub-contracting/supplier networks, provides the impetus and need for physical travel, especially if the corporate employee wishes to be an effective executive, manager or sales person. As we reach the end of the first decade of the Twenty-First Century, business travel remains an important mode of production in firms with, amongst other things, travel being used to: attend firm meetings or training sessions; visit clients to close deals, pitch for business or provide product support; attend trade fairs/conferences; and visit sub-contractors and suppliers to monitor quality control or negotiate new business. For many workers, business travel is now a normal everyday reality of the working day or night, involving what can be best described as persistent or mundane travel, which can have many downsides like separation from the family,

travel stress, health concerns (including jet lag) (DeFrank *et al*, 2000). But, for some, especially relatively younger corporate professionals, business travel remains a ‘perk’ or welcomed, persistent lifestyle choice which enhances personal career paths and brings much job satisfaction and variety to the working week (Welch and Worm, 2005).

It is perhaps not surprising, then, that ‘mobility’ has become a primary discourse in geographical and sociological debates, particularly in relation to globalization, because of the ever growing forms of hyper-mobility that define the lives of many workers. Indeed, whilst mobility in the late twentieth and early twenty-first century takes many forms, including tourism and family-related travel, in economic terms business travel now appears to be the fundamental production process in constructing and reproducing the ‘Network Society’ and the global, knowledge-based economy that have come to be the hallmarks of contemporary capitalism. Explanations for such compulsions of mobility include clients’ expectations of the delivery of expertise, advice, and one-off solutions through face-to-face encounters, the internal/external labour markets of Transnational Corporations (TNCs) and the mobility associated with maintaining various forms of stretched, social management practices, control and relationships. In addition to intra-national travel, cross-border business travel has, therefore, become a significant global flow within and generator of corporate networks. It is, therefore, surprising that to date relatively little time has been devoted to the study of business travel, both as an economic practice and a facet of contemporary mobility. Amongst a broad array of work on mobility and travel (see for example Urry [2003, 2007], Larsen, Axhausen and Urry [2006] and Nowica [2006], we find much of theoretical relevance that can help us explain the nature of business travel, but few empirical investigations that truly unpack the intricacies of this now daily and omnipresence practice (although see Lassen [2006] and Laurier [2004] for notable exceptions).

The formative aim of this edited volume is to address this research lacuna and explore some of the most important contemporary debates associated with the role, nature and effects of business

travel in the twenty first century. More specifically, through the contributions of a number of international experts from different backgrounds, the purpose of this book is to advance understanding of business travel so as to address major academic, practitioner and policy debates. In particular, the different chapters of the book provide insight into a range of issues and investigate:

1. The role of the airline industry in business travel and the changing nature of provision.

A number of chapters feature in-depth discussions of the relationships between airlines and business travellers, including analyses of the changing form of the airline industry and the effects of this on business travel.

2. The role of mobility in business activities. Much has been written about the need for mobility and the role of face-to-face contact in business. Yet how the insights in these literatures can be used to theorise business travel has not been addressed head-on. A number of chapters push these debates forward by offering a focussed discussion of the way the need for, organization of and costs/benefits of business travel influence the operation of major companies.

3. The sociology of business travel and its role in and effects on the global economy. The book offers one of the first focused interpretations of the affects of an increasing preponderance to business travel on the sociology of work in contemporary organizations. This will help develop debates across the social sciences about the nature, organization and space of work in the twenty-first century.

This book emanates from an international workshop held at Ghent University, Belgium in January 2008. This workshop was partly sponsored by the Flemish Fund for Scientific Research (FWO) and we are grateful for their contribution. One of the key priorities of the workshop was to provide a space for multidisciplinary dialogue, with presentations give by researchers from

Economics, Geography, and Sociology. We believe that this deliberate strategy has allowed us to bring together a diverse range of what we think are leading researchers in the field so as to offer an integrative and wide-ranging analysis of business travel. The chapters presented here are not, however, transcripts of the conference presentations – this book is not a publication of proceedings. Rather each author has revised and developed their papers to aid the editors in creating an integrated whole.

Structure and summary

Largely mirroring the three core objectives of this book, the different chapters are divided into three sections: (i) geographies and modes of business travel, (ii) business travel and mobility regimes in firms, and (iii) business travel in question: the causes and consequences of business travel in twenty-first century commerce. Similar to all such divisions, the allocation of the different chapters is somewhat arbitrary: the different authors tackle complex topics that cannot easily be pigeon-holed into simple categories. Our approach has been to group together chapters on the basis of what we think to be the main thrust of their contribution to the literature.

The relevance of this division is also based on the foreword by Brian Graham. In this preface, he reminds us of the fact that – despite being an ostensibly straightforward term – ‘business travel’ opens up a window into the complexities of understanding mobility in the global economy. This is because business travel can be conceptualized as a set of practices and processes related to the articulation of the global economy, but also to culture, behaviour, status and even leisure mobilities. Furthermore, mobile workers are logged into other spatial and technological networks such as video-conferencing and real-time virtual communications before, after and as they travel. The three parts of the book reflect Brian Graham’s observations through a focus on (i) the forms and spatialities of business travel per se, (ii) the role of mobility in twenty-first century firms, and (iii) the causes of travel, the consequences and the myriad

ways in which 'business travel' interacts with other technologies (e.g. ICT) and travel motivations (e.g. leisure travel), forcing us to adopt far more sophisticated approaches when considering the nature, form and function of corporate mobility.

In line with this structuring of the book, the chapters in the first section deal with some of the most notable features of the modes and geographies of business travel. The chapters by Derudder, Witlox and Van Nuffel and by Beaverstock & Faulconbridge take the issue of the actual geographies of corporate mobility literally and present an overview of the geographies of business travel in Europe and to/from the UK respectively. Derudder, Witlox and Van Nuffel examine the validity of 'business class air travel' data for examining the geography of 'business travel' at large, and present an analytical framework that allows for meaningful comparisons of the spatiality of different types of travel flows. Beaverstock & Faulconbridge report on some of the most notable and important characteristics of the patterns of overseas residences' business visits to the UK and UK residences' business visits abroad from the late 1970s onwards. They supplement these 'official' data of business visit trends by analysing 'unofficial' data sources on business travel in order to add depth to the dearth of available data on this form of international labour mobility. The final two chapters in the first section of the book combine an analysis of the geographies of business travel with analysis of the way geography also relates to mode of travel. John Bowen notes that, given the importance of business class services (on average, these account for over 25% of a legacy carriers' revenues), it is surprising that so little attention has been given to their spatial development and current articulations. He therefore considers the social stratification of transportation systems and the different geographies of travel that emerge when different strata of travellers are analysed and mapped. Budd and Hubbard, in turn, focus on a new form of business travel: they note that for the truly super-rich, a private jet rather than business class air travel is the preferred mode of aeromobility. They explore the reasons for the growth of this 'bizjet' market and document the possible implications of private flight for the networked geographies of the global economy.

The second part of the book focuses on characteristics and consequences of corporate mobility. John Salt locates business travel within broader portfolios of mobility developed by large international companies. His analysis shows that business travel is one of an interlinked set of mobilities used by international companies, where it fulfils a number of roles, including career development, project planning and implementation, and attendance at a wide range of meetings. Wickham & Vecchi, in turn, present a case study of business travel in the Irish software industry in an attempt to reduce the gap between theorising and empirical investigation in the study of business travel. They sketch the social structure of the Irish software industry, focusing on the importance of professional and technical workers, and use this to develop a taxonomy of business travellers. This taxonomy is then used to explore the extent of autonomy enjoyed by different groups of travellers, which leads them to the conclusion that business travel replicates rather than destabilises managerial hierarchies. The impact of business travel on individuals is also the core theme in the chapter of Kesselring & Vogl. In this chapter, the authors examine the social consequences of the intensification and extensification of corporate travel activities for employees. This theme is often neglected in analysis and planning of corporate mobility regimes and, therefore, the impacts of travel in terms of social cohesion within companies and the work/life balance of the workforce are too often forgotten by academics and those managing travel in firms. Kesselring & Vogl's empirical study suggests that negotiations about the conditions of work and travelling are usually the responsibility of the individual workers rather than part and parcel of a genuine corporate policy, something which identifies a major issue that deserves academic scrutiny in future research.

Most of chapters in the first two parts of the book sidestep crucial questions about whether business travel is necessary or indeed useful in an era of global e-communication. The chapter by Salt is an exception in that it also examines the particular role in corporate knowledge transfer played by business travel and the degree to which there is substitution between it and virtual mobility in an era of concern about carbon emissions. The chapters in the third part

book, therefore, focus on questions about the cause, need and potential for minimising business travel.

Aharon Kellerman sets the scene by comparing business and leisure travel at the international level from several basic perspectives: motivations and goals, relative magnitude, spatial patterns, and interrelationships between both types of travellers. From this basic overview, it becomes clear that it is very problematic to posit a clear-cut distinction between both types of travel. This observation is fleshed out in more detail by Lassen, who bemoans the tendency to conceptualize business travel as a structural output of work and business. Drawing on a study that explores international business travel among knowledge workers in two Danish knowledge-intensive organizations, he shows that the travel of international professionals needs to be understood in conjunction with a number of social obligations and compulsions of face-to-face meeting. Furthermore, knowledge workers are also members of an individualised labour market in which a number of non-work related compulsions of proximity function as important rationalities for travelling internationally. Taken together, this suggests that research into business travel needs a much stronger focus on the individual social motives for business travel if it is to acquire a more in-depth understanding of the motivations for corporate mobility.

The observation that the motives for business travel are much more complex than an amorphous set of 'work requirements' is taken up by Jones, who sets out to examine the nature, form and function of mobility in the professional business service sector. Like Lassen, this dose of 'rethinking' allows us to gain more insight in the extent to which claims about the high degree of mobility amongst business service sector employees are generally applicable. Jones notes that the nature of business travel and employee mobility is complex to say the least because travel varies hugely and cannot be effectively demarcated from other forms of globalized working practice sustained by ICT technologies. Jones' analysis clearly shows that separating pure 'business travel' from wider forms of global working is, therefore, problematic. ICT may substitute for some forms of business travel, but the evidence also suggests it may also lead to

an increased level of mobility as it increases the capacity of professional service firms to deliver existing and new services to global client markets. The latter observation is systematically discussed in the concluding chapter by Denstadli and Grisprud. The authors' purpose is to assess the qualities of video conferencing as a communication technology and evaluate how it fits with modern business practices in general and business travel in particular. In line with the expectations of Jones, they emphasize that ICT technologies such as video conferencing have thus far had minor impacts on travel. Although disaggregated substitution effects can be found (from the individual or company perspective there is clearly a question of travel replacement), aggregate analyses are fairly conclusive that industries demand for transportation and telecommunications follows parallel tracks, so that the net effect for the economy as a whole is complementarity.

Future agendas: business travel, the credit crunch and global economic recession

We do not claim that the different chapters of this book provide a completely comprehensive analysis of business travel in the early twenty first century; that would be impossible in one volume. But the chapters in this book do represent an unusually rich range of empirics, concepts, theories and ideas which can help us develop a more advanced understanding of the contemporary nature and role of business travel in firms. To our knowledge, there has not yet been any other attempt to bring together such a wide range of research on this topic in one collection. Whether we have indeed been able to produce a benchmark collection of essays only time will tell, but we are confident that we have put together a state of the art book on understanding business travel under conditions of contemporary globalization.

One thing is for sure though: this book comes at a crucial moment for business travel as a corporate practice. As we write this introduction to the book, we are in the depths of what some have been calling the worst global recession since the Great Depression of the 1930s. The

events of this period have been truly dramatic: the collapse of leading international banks, redundancies affecting everything from retail to financial services, shipping to education; severe market contraction in China and other emerging markets; major corporate restructurings as firms fight to maintain profitability in a period of falling demand. And, at the same time, desperate efforts to reduce levels of business travel. During tough economic times it is unsurprising that firms seek to reduce costs, with the cost of travel often being one of the first to come under scrutiny. As a result, we are in the midst of a real-time experiment in which firms find out just what type of business travel is essential, what is desirable, and what impacts reduced travel has on their operations. The airlines are, of course, inevitably suffering as the number of business class travellers declines, by up to 25 percent in the case of some leading airlines. And so we might be witnessing a re-configuration of business mobility regimes/portfolios. This is not the first time such a re-configuration has seemed possible; the SARS epidemic of the early 2000s led to a similar, albeit short-term, reduction in business travel, as did the September 11th attacks in 2001. But today, virtual communications are much more advanced than in the past and might, and we stress might, lead to a more long-term and fundamental change in business travel regimes. It is pure speculation to say more at this point. But what current events do mean is that understanding the status quo in terms of business travel leading up to the current financial turmoil, something the chapters in this book allow, will be important in the future as we chart changes in business travel habits and the causes and effects of these changes.

Jon Beaverstock (University of Nottingham, UK)

Ben Derudder (Ghent University, Belgium)

James Faulconbridge (Lancaster University, UK)

Frank Witlox (Ghent University, Belgium)

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